

### *Proposed DOL ruling would hurt Americans using IRAs to save for retirement*

**Washington, D.C** –Nearly 30 Members of the **New Democrat Coalition** sent a letter to the Department of Labor, the Securities and Exchange Commission, and the U.S. Commodity Futures Trading Commission expressing concern over a recent proposed ruling that would negatively impact Americans with Individual Retirement Accounts (IRAs) and other retirement and savings plans.

In the letter, led by **Representatives Carolyn McCarthy** (NY-4) and **Rush Holt** (NJ-12), the New Democrats voice concern that the proposed rule, which re-defines the term “fiduciary” in the Employee Retirement Income Security Act of 1974 (“ERISA”), would impact the accessibility of valuable financial education and information, and increase the cost and choice of financial advice for consumers.

The New Dems wrote, “while the proposed rule is intended to protect employee participants and plan sponsors from unfair and deceptive practices, we are concerned that it would have an adverse effect; ultimately limiting access to investment education and information. This would result in worse investment decisions by participants and would, in turn, increase the costs of investment products, services, and advice that are absolutely critical parts of a sound investment strategy for consumers.”

Currently, one in three American working families use IRAs to save for retirement. The proposed ruling would limit the type of information sponsors and advisors can provide to IRA and other savings and pension users, significantly reducing the quality and availability of information that today helps consumers make sound investment decisions.

In the letter sent to Labor Secretary Hilda Solis, SEC Chairman Mary Schapiro, and U.S. Commodity Futures Trading Commission Chairman Gary Gensler, the New Dems urge the regulators to coordinate to avoid duplicative and contradictory guidelines and to provide an opportunity for additional public comment through a transparent re-proposed rule process.

***The signed letter is attached and [click here](#) to view the signed letter.***

May 10, 2011

The Honorable Hilda Solis  
Schapiro  
Secretary  
U.S. Department of Labor  
Commission  
200 Constitution Avenue, NW  
Washington, DC 20210

The Honorable Mary L.  
Chairman  
Securities and Exchange  
  
100 F Street, NE  
Washington, DC 20549

The Honorable Gary Gensler  
Chairman  
U.S. Commodity Futures Trading Commission  
1155 21<sup>st</sup> Street, NW  
Washington DC 20581

Dear Secretary Solis and Chairmen Schapiro and Gensler:

As members of the New Democrat Coalition, we are writing today with respect to the Department of Labor's proposal to redefine the term "fiduciary" for purposes of the Employee Retirement Income Security Act of 1974 ("ERISA") and for purposes of certain Internal Revenue Code provisions affecting IRAs and similar arrangements.

During debate of the Dodd-Frank Wall Street Reform and Consumer Protection Act, the New Democrat Coalition played a critical role in advocating for an approach that would reduce systemic risk and increase transparency and certainty in our markets. Given our work, we understand and appreciate the Department's desire to update the definition of a fiduciary in a way that is broad enough to protect the interests of retirement plan participants and sponsors seeking investment advice. While the proposed rule is intended to protect employee participants and plan sponsors from unfair and deceptive practices, we are concerned that it would have an adverse effect; ultimately limiting access to investment education and information. This would result in worse investment decisions by participants and would, in turn, increase the costs of investment products, services, and advice that are absolutely critical parts of a sound investment strategy for consumers.

We also feel strongly that these changes should be made in consultation and coordination with all the relevant regulators to avoid duplicative or contradictory guidelines governing investment in U.S. markets. A coordinated regulatory approach among the agencies will provide clarity and certainty both to investors and to advisers.

Given the complexity and importance of this issue, over 200 written submissions have been made regarding the proposed rule, in addition to those made at the Department's public hearing. We understand the Department is considering modifications. In order to consider fully these comments and to provide more transparency and certainty to the rulemaking process, we urge the Department to provide the public with an opportunity to review these modifications through a re-proposed rule.

We appreciate the Department's leadership on this issue. We look forward to working with you in coordination with other agencies to create a balanced approach that protects plan participants and sponsors while ensuring continued access to investment education, information, and affordable investment products and services.

Sincerely,

McCarthy  
Holt  
Crowley  
Kind  
Altmire  
Himes  
Schwartz  
Barrow  
Berkley  
Carnahan  
Carney  
Carson  
Connolly  
Courtney  
Heinrich  
Larsen  
Meeks

Moran  
Murphy  
Owens  
Perlmutter  
Peters  
Pierluisi  
Polis  
Richardson  
Richmond  
Scott  
Sewell  
Wu

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